

HOME OFFICE
SCOTTISH HOME DEPARTMENT

POLICE PENSIONS REGULATIONS

Commutation and Allocation

EXPLANATORY
MEMORANDUM



LONDON
HER MAJESTY'S STATIONERY OFFICE
ONE SHILLING NET

Commutation

1. The police pensions scheme now contains provision under which police officers can apply to surrender part of any pension other than a supplemental pension in return for a lump sum. If you retire after 14th April, 1958 you may wish to consider taking advantage of these facilities. This part of the memorandum gives a short explanation of the conditions on which commutation is permitted and some examples of how the arrangements will operate in practice.

2. Facilities for commutation will be open to:

- (a) officers who retire after completing thirty years service;
- (b) officers who have been required to retire on grounds of age before completing thirty years service; and
- (c) officers who have been required to retire on grounds of ill health before completing thirty years service.

The facilities are open to women officers as well as men.

3. If you are eligible on either of the first two grounds described in paragraph 2 you can apply to commute at any time from two months before your intended retirement until six months after you have retired. (For officers who are eligible on the third ground see paragraph 7.) If you apply before your retirement and do not retire within two months of your application it will be null and void automatically. In your application you must state how much of your pension you want to commute. You cannot commute any part of a supplemental pension but you can commute up to one-sixth of any other pension, irrespective of any deduction in respect of service before 1st April, 1956. If, for example, you retire with a pension of £600 a year you will be able to commute up to £100 even if you are subject to a deduction of £18 a year in respect of your service before 1st April, 1956. (See, however, paragraph 4 for the possible effect of allocating your pension.)

4. You will be free to commute part of your pension as well as allocating a portion of it under the arrangements described in the second part of this memorandum, but you will not be allowed to use up more than one-third of your pension for allocation, commutation and payment for your service before 1st April, 1956. As indicated in paragraph 3, if you retire with a pension of £600 a year and are subject to a deduction of £18 a year in respect of your service before 1st April, 1956 you would still be able to make the maximum commutation of £100. But if you had already allocated £100 the commutation of £100 would reduce your pension below £400. You would therefore be allowed to commute only £200-(£18+£100)=£82.

5. When you give notice the police authority will have to satisfy themselves that your expectation of life is normal for a man of your age, and will normally require you to be examined by a doctor appointed by them.

6. If you have satisfied all the above conditions the police authority will notify you that they have accepted your application. If they do so before you have retired, and you duly retire within two months of making your application, your pension will be reduced with effect from your retirement and you will then receive the appropriate lump sum calculated according to the commutation table. (There is a copy of this table at the end of this memorandum.) The calculation will be made on your age on your next birthday following the date of your retirement. If the arrangements are not completed before your retirement or if you make your application during the six months after your retirement then your pension will be reduced as from the date you receive the police authority's notification that they have accepted

your application. Your lump sum will still be calculated on your age on your next birthday following the date of your retirement but will be reduced by the difference between the amount of your gross pension during the period before the commutation took effect and what your gross pension would have been during that period if the appropriate reduction had been made at the time of your retirement. (N.B. You will not be entitled to any refund of income tax in respect of this adjustment.)

7. If you are required to retire on grounds of ill-health and want to commute you will be expected to satisfy the same standard of health as any other applicant (see paragraph 5). If you have completed more than twenty-five years service at the time of your retirement then you will be entitled to make an application to commute and the procedure described in the previous paragraphs will apply. If you have less than twenty-five years service then you will not be entitled to apply until you would have completed twenty-five years service or would have reached the age of compulsory retirement if you had continued serving. The police authority may, however, waive this restriction and allow you to proceed with your application to commute any time from two months before your intended retirement onwards. If you have less than twenty-five years service and the arrangements for you to commute take effect after your retirement then your lump sum will be calculated on your age on your next birthday following the date when the commutation takes effect and not as at the date of your retirement which may have taken place several years before.

8. The following examples will give you some idea how the arrangements will work in practice:^{*}

- (a) A chief inspector aged 51 is about to retire with thirty years service. He is entitled to a pension of £630 a year. He wishes to commute one-sixth of his pension, and applies in time for the arrangements to be concluded before his retirement: his age on retirement is still 51.

The chief inspector is entitled to commute up to £105. Reference to the table shows for each £100 of pension which he surrenders an officer aged 52 next birthday will receive £1,293. The surrender of £105 will accordingly give the chief inspector £1,358. He will therefore receive this together with a pension of £525.

- (b) A superintendent (Class I), retired with thirty-three years service at the age of 56. He was awarded a pension of £880 a year. Five months after his retirement, by which time he was aged 57, he applied to commute one-sixth of his pension and the arrangements were completed in time for the commutation to take effect at the end of the following month.

The superintendent is entitled to commute up to £146.

The lump sum is to be calculated on his age at the date of his retirement and reference to the table shows that for each £100 of pension which he surrenders an officer aged 57 next birthday will receive £1,162. The surrender of £146 will accordingly give the superintendent £1,697. This will have to be reduced by £73 (the difference between the gross pension for the six months (£440) and what the pension would have been if the reduction had been made at the time of retirement (£367)). He will therefore receive a pension of £734 a year together with a lump sum of £1,624.

* The examples assume that the officers' pensions are payable monthly in advance. All the figures have been rounded off for the sake of simplification.

(c) A constable aged 42 retired on grounds of ill-health after twenty years service. He was awarded a pension of £210 a year. As he had completed less than twenty-five years service he was not entitled to commute and the police authority were not prepared to waive the restriction. He had accordingly to wait for five years before he was entitled to apply. He then applied to commute £30 of his pension. He satisfied the medical requirements and was allowed to commute.

Since £30 is less than one-sixth of his pension the pensioner was able to commute it. As he retired with less than twenty-five years service the lump sum has to be calculated on his age at the date when the commutation took effect, i.e., at age 47. Reference to the table shows that for each £10 which he surrenders an officer aged 48 next birthday will receive £138 8s 8d. The surrender of £30 will accordingly entitle the pensioner to £415. He will therefore receive this together with a pension of £180 a year.

*Allocation**

9. Since 1948 it has been possible for a police officer to surrender part of an ordinary or short service pension in order to provide a pension, payable after his death, to his widow or to some other beneficiary whom he has nominated. Officers have however been able to take advantage of these facilities only at the time of their actual retirement. These arrangements have been expanded and if at any time on or after 14th April, 1958 you complete twenty-five or more years service and wish to continue serving it will be open to you to provide cover for your wife or some other beneficiary during your final years of service as well as after your retirement by undertaking to surrender part of any ordinary or ill-health pension (but not part of any supplemental pension) for which you eventually qualify.†

10. If you apply to allocate you will have to comply with four conditions. You must:

- (a) nominate the person in whose favour you want to make the allocation. If this is anyone other than your wife you must satisfy the police authority that he or she is substantially dependent on you at the time when you apply;
- (b) satisfy the police authority that your expectation of life at the time of allocation is normal for a man of your age. For this purpose they will normally require you to be examined by a doctor appointed by them;
- (c) indicate how much of your pension you want to surrender. You cannot allocate part of any supplemental pension, but you can allocate up to one-third of any other pension (subject to the restrictions described in paragraph 11);
- (d) state when you want the allocation to take effect (see paragraph 13).

11. It is a general condition of the new arrangements that you must not surrender more than one-third of your pension by way of allocation, commutation and payment for service before 1st April, 1956. If, for example, you

* This part of the memorandum explains the provisions of Regulation 70 of the Police Pensions Regulations 1955, as amended by Regulation 7 of the Police Pensions (No. 2) Regulations, 1958 and supersedes the memorandum issued in 1949.

† The facilities are open to women officers as well as men. The arrangements described in the memorandum apply to women officers in the same way with the substitution of "husband" for the references to "wife". Women officers in Scotland will, of course, be able to allocate only in favour of a beneficiary other than a husband.

want to allocate and you are retiring with a pension of £300 a year but are liable to a reduction of £10 a year in respect of service before 1st April, 1956, then the surrender of the full one-third (£100) together with the reduction of £10 would bring the balance of your pension below £200. The most you could allocate would therefore be £90, which would leave you a pension of £200. Similarly if you had already had your application to commute £50 accepted and were also liable to a reduction of £10 a year in respect of service before 1st April, 1956, you would not be allowed to allocate more than £40 as any larger amount would reduce your pension below £200.

12. Although you may, subject to these possible restrictions, allocate up to one-third of your pension, there is, of course, no need for you to allocate the maximum amount unless you wish to do so. What you will probably want to do is work out some examples of the awards for which the beneficiary you are proposing to nominate would qualify if you surrendered various amounts. You may want to bear in mind that if you allocate in favour of your wife, any pension she receives as a result will be payable in addition to any police widow's pension awarded to her and to any national insurance benefit for which she may qualify as a result of your death. It will also be payable for life and unlike a police widow's pension will not cease on remarriage.

13. You can make your application to allocate at one of two stages:

- (a) If you want to provide cover for your beneficiary during your final years of service, then you can apply at any time after you have completed twenty-five years service. You must indicate that you want cover during your final years of service when you do so. If you satisfy the conditions set out in paragraph 10, the police authority will send you notice that they have accepted your application. From then on your beneficiary will be covered even if you subsequently retire with an ill-health pension. You will not have to make any extra payment for the rest of your service, but when you eventually retire, your pension will be reduced by the amount you indicated that you proposed to surrender.* This reduction will have to be made even if the beneficiary you nominated has died in the meantime. If on the other hand you die while still serving or after you have retired on pension and your beneficiary has survived you then she or he will receive the actuarial equivalent of the amount you surrendered or proposed to surrender. The award will be calculated on the basis of your own and your beneficiary's ages when the allocation took effect. Table A at the back of the memorandum shows the amount of annual pension a woman beneficiary would receive for each £1 of pension which the police officer had surrendered. You will see that Table A is a little less favourable than Table B which applies when you postpone allocating until immediately before your retirement.
- (b) If you have completed twenty-five years service but want your allocation to take effect only from your retirement, you must apply within two months of your intended retirement and make it clear that the allocation is to take effect when you retire. If you satisfy the conditions described in paragraph 10 the police authority will notify you that they have accepted your application. Provided you retire on pension within two months of your application, your beneficiary will be covered from the date of your retirement. Your pension will be reduced by the amount you have

* If you are liable to have your pension abated at age 65 (or 60 if you are a policewoman) because of your entitlement to a national insurance retirement pension, the abatement will still be made in full and the fact that you have surrendered part of your pension for allocation will not affect this.

surrendered and this reduction will continue even if your beneficiary dies before you.* If, on the other hand, you die before your beneficiary she or he will receive the actuarial equivalent of the amount you surrendered. The award will be calculated on the basis of your own and your beneficiary's ages when you retired. Table B at the back of the memorandum shows the amount of annual pension a woman beneficiary would receive for each £1 of pension which the officer had surrendered.

14. If you have allocated to provide cover during your final years of service, and the amount was less than the maximum permitted, you can, if you wish, apply within two months of your intended retirement, to make a further allocation in favour of the same beneficiary. The total amount of these two allocations must not exceed the maximum of one-third of your pension (see paragraph 11). Subject to this and to a further medical examination when you make your second application, the arrangements in paragraph 13 (b) will apply to this further allocation, and while the award to your beneficiary in respect of the first allocation would be calculated on Table A, the award in respect of this second one would be calculated on Table B.

15. If you have not completed twenty-five years service but are about to retire with a short service pension, you can apply to allocate a portion of it within two months of your intended retirement. The arrangements described in paragraphs 10, 11, 12 and 13 (b) will apply.

16. An allocation to provide cover during your final years of service normally takes effect when you receive your notification from the police authority that they have accepted it. Allocations to provide cover from your retirement (i.e., under paragraphs 13 (b) and 14) take effect as from your retirement. Up to the point when an allocation has taken effect you can withdraw or cancel your application but once it has taken effect you cannot alter or cancel it. If, for example, the beneficiary you have nominated dies before you, the reduction in your pension will still have to be made. Similarly, it will not be open to you to change your beneficiary.

17. Tables A and B provide information for policemen who wish to allocate in favour of a female beneficiary and are limited to a certain range of ages. They will not therefore assist you if you are a policewoman. Similarly if you are a policeman you may find that either you yourself or the beneficiary you wish to nominate is outside the range of ages provided, or you may want to nominate a male beneficiary. In any of these circumstances you should give your Chief Constable your date of birth and the date of birth and sex of the beneficiary. You will then be told the amount of pension payable for each £1 surrendered.

18. The following examples will give you some idea how the arrangements will work in practice.† In each example the policeman is assumed to be aged 48 when he completes twenty-five years service and to have a wife who is then aged 45. He wants to allocate £60 of his pension in her favour and has decided to continue serving until he has completed thirty years service, when he will be entitled to a pension of £384 a year.

Cover during the final years of service

(a) The officer applies to allocate £60 for this purpose as soon as he has completed twenty-five years service. His application is accepted and he subsequently retires five years later. Table A applies and for each £1

* If you are liable to have your pension abated at age 65 or 60 (if you are a policewoman) because of your entitlement to a national insurance retirement pension, the abatement will still be made in full and the fact that you have surrendered part of your pension for allocation will not affect this.

† All the figures in these examples have been rounded off for the sake of simplification.

he surrendered when he was 48 and his wife 45, a pension of £3 7s. 0d. will be payable if he dies before her. The position will therefore be:

Police officer's annual pension: £384 less £60 = £324

Wife's annual award after his death: £3 7s. 0d. \times 60 = £201.*

- (b) The officer allocates as in (a) but dies at the age of 52 before he has retired. Table A applies and as he was 48 and his wife 45 at the date when the allocation became effective, the amount payable is again £3 7s. 0d. in respect of each £1 he had undertaken to surrender, and she will accordingly receive £201 a year.*

Cover as from retirement

- (c) The officer did not want to ensure cover during his final years of service and therefore postponed his application to allocate until two months before his retirement with thirty years service. The application is accepted and takes effect from his retirement. Table B applies, and, as he is 53 and his wife 50 when the allocation became effective, the amount payable is £3 3s. 3d. in respect of each £1 he has surrendered. The position is therefore:

Policeman's pension £384 less £60 = £324

Wife's annual pension after his death £3 3s. 3d. \times 60 = £189.*

- (d) Having applied to allocate £60 when he completed twenty-five years service, the officer decides to make a further allocation of £20 in favour of his wife. He applies within two months of his retirement with thirty years service. Table A applied to the first allocation of £60 as indicated in (a) above. Table B applies to the second allocation of £20. As he is 53 and his wife 50 when this allocation became effective, the amount payable is £3 3s. 3d. in respect of each £1 he has surrendered. The position is therefore:

Policeman's pension £384 less £80 = £304 a year

Wife's annual pension after his death £3 7s. 0d. \times 60 = £201
£3 3s. 3d. \times 20 = £63
= £264 a year.*

19. As indicated in paragraphs 4 and 11, it will be open to you to allocate even if you also commute part of your pension but you will not be allowed to surrender more than one third of your pension by way of allocation, commutation and payment for service before 1st April, 1956. The following examples will give you some idea how this overall restriction will operate in practice.†

- (a) An officer applies to allocate £80 as soon as he has completed twenty-five years service, and his application is accepted. He retires five years later with a pension of £440 a year, from which there is a deduction of £10 a year in respect of his service before 1st April, 1956. He wishes to commute as large an amount as he can. The maximum of one-sixth would be £73 but as the officer is not allowed to surrender more than £146 in all, and he has already surrendered £80 for allocation and £10 for his service before 1st April, 1956, he cannot commute more than £56.

- (b) An officer is retiring after thirty years service with a pension of £600 a year. He is liable to a deduction of £15 a year in respect of service before 1st April, 1956. He applies in the two months before his retirement to make the maximum commutation of £100 and his application is accepted.

* This award is payable in addition to any police widow's pension or any widow's benefit under the national insurance scheme.

† All the figures in these examples have been rounded off for the sake of simplification.

He also decides he would like to allocate as much as possible. The maximum of one-third of his pension would be £200 but as he is not allowed to surrender more than £200 in all, and he is already due to surrender £100 in commutation and £15 for his service before 1st April, 1956 he cannot allocate more than £85.

- (c) An officer applies to allocate £60 a year as soon as he has completed twenty-five years service. On his retirement five years later he is entitled to a pension of £600 a year, subject to a deduction of £15 a year in respect of his service before 1st April, 1956. He decides that he would like to make a further allocation and also commute part of his pension. He is not allowed to surrender more than £200 in all and as he is already due to surrender £60 in allocation and £15 for his service before 1st April, 1956, it is open to him to use a further £125. He could accordingly commute the maximum of £100 and make a further allocation of £25, or commute a smaller amount and so have a larger amount available for the further allocation.

All these examples assume, for the purpose of illustration, that the officer wants to surrender the maximum of one-third of his pension. In no instance is an officer who wants to commute or allocate required to surrender the maximum amount unless he wishes to do so.

Police Pensions Scheme

COMMUTATION TABLE

Age next birthday	Capital Sum for each £10 of pension	Age next birthday	Capital Sum for each £10 of pension
21	£ 176 3 10	51	£ 131 15 5
22	175 4 10	52	129 7 5
23	174 5 5	53	126 18 0
24	173 5 5	54	124 7 0
25	172 5 0	55	121 14 8
26	171 3 8	56	119 0 8
27	170 1 5	57	116 5 0
28	168 18 10	58	113 8 5
29	167 15 0	59	110 10 8
30	166 10 10	60	107 12 0
31	165 7 5	61	104 14 8
32	164 3 3	62	101 15 3
33	162 17 8	63	98 15 5
34	161 11 5	64	95 15 8
35	160 4 0	65	92 16 0
36	158 17 0	66	89 16 5
37	157 9 3	67	86 16 10
38	156 0 0	68	83 17 10
39	154 9 5	69	80 19 3
40	152 17 10	70	78 1 3
41	151 6 8	71	75 2 0
42	149 13 8	72	72 4 0
43	147 19 8	73	69 6 10
44	146 3 10	74	66 10 10
45	144 6 5	75	63 16 3
46	142 9 0	76	61 2 10
47	140 9 8	77	58 10 5
48	138 8 8	78	56 0 3
49	136 5 10	79	53 11 3
50	134 1 8	80	51 4 0

Note: (1). This table is appropriate for pensions payable monthly in advance. To adjust it for pensions payable quarterly in advance 16.8d. must be added to each of the amounts shown. For pensions payable weekly in advance 8s. 5d. must be deducted from each of the amounts shown.

(2). The table provides figures for each £10 of pension only as a convenient unit. Officers are not bound to commute exact units of £10, and fractions of £10 should be calculated proportionately.

POLICE PENSIONS SCHEMES.

TABLE A.—OFFICERS ALLOCATED TO SERVICE COMBINING CLASS AND RANK OR RANK AT TIME OF DEATH AS WELL AS OTHER DATA, EXHIBIT

Amount of annual pension payable to a FEMALE beneficiary, as from the date of death of a policeman for each £1 of annual pension surrendered by him.

Age of female beneficiary (as at date of death)	Age of policeman (as at date of death)												Age of female beneficiary (as on date of death)
	10	11	12	13	14	15	16	17	18	19	20		
10	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	10
11	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	11
12	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	12
13	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	13
14	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	14
15	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	15
16	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	16
17	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	17
18	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	18
19	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	19
20	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00	20

Note.—In this table the expression "date" as relates to the pensioner, means the date on which the pension becomes payable, effective of the day of his birthday, or on any other date as may be fixed by the pensioner; that day as relates to the beneficiary, the expression "date" means the day on which the pension becomes payable, effective of the day of his birthday, or on any other date he may fix by his birthday preceding that day.

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ANSWER

Table 5. Results of the model to predict growth rate of trout from their environment

A person of sound mind capable to be a **TESTAMENTARY** beneficiary as from the date of the death of a testator, for such all of natural persons mentioned by him.

Note.— In this Table the expression “*one*” in relation to the polygonal spaces for ages on the first day of each of which he passes will become polygonal, if that day is the birthday, or in any other case than age one his birthday passing; that the “*one*” in relation to the hypothenuse, means his age on the first day in respect of which the other’s passes, and becomes polygonal, if that day is his birthday or in any other case his age on the last birthday preceding that day.